



Town of Danville

2013/14 BUDGET-IN-BRIEF

MESSAGE FROM THE TOWN MANAGER

Dear Citizens of Danville,

The Danville Town Council adopted the 2013/14 Operating Budget and Capital Improvement Program, on June 4, 2013, following four public meetings that occurred in May. The budget is fiscally balanced, while maintaining healthy reserve levels. Expenditures total \$34.0 million, including operating expenditures of \$27.0 million for the Town, asset replacement costs of \$224,326, \$1.4 million for the Town as Successor Agency to the former Danville Community (Redevelopment) Agency, and capital expenditures of \$5.4 million.

The adopted budget and CIP continue to reflect the careful financial planning that has been the Town's hallmark. Department and program goals are identified to ensure that services address the highest priorities established by the Town Council, including providing: high levels of public safety, positive community appearance, development standards that retain our special history and character, a broad range of recreational and enrichment opportunities, economic vitality and growth, a proactive regional presence and community celebrations and special events. Service levels to be provided in 2013/14 are largely consistent with those provided in 2012/13.

Adequate reserves continue to be maintained to ensure that the Town is positioned to react quickly to changes precipitated by the State of California, the economy, or other unforeseen factors. While pension liabilities have become a significant fiscal concern for many California cities, the Town has no such liabilities. Town employees are enrolled in a 401 pension plan, and all obligations are fully funded on an annual basis.

For 2013/14 the Town continues to be greatly impacted by the State's elimination of redevelopment, a tool that has provided funding for several downtown improvements and revitalization projects over the past 25 years. The Town will not be able to receive over \$8 million due to be re-paid by the former Agency, for debt service payments and projects completed downtown between 1987 and 2001. This results in a potential loss of \$800,000 to \$1 million per year to the Town, for the next eleven years.

Danville's financial condition is sound, despite continued efforts by the State to divert local revenues to help bridge their budget deficit. All necessary steps continue to be taken in order to ensure successful operation in what has become a less certain fiscal climate. Revenues and expenditures will continue to be carefully and constantly monitored to ensure a balanced budget; and the Town will continue to offer the best possible services and continue to support the quality of life that Danville residents desire and expect.


Joseph A. Calabrigo
Town Manager

Revenues

REVENUES

The Town is beginning to recover from the deep economic recession that began in 2008. Danville's historically strong property values peaked in 2008/09 and are increasing gradually after declines over the past three years. Retail sales and building activity have rebounded over the past three years, following declines that occurred between 2008 and 2010.

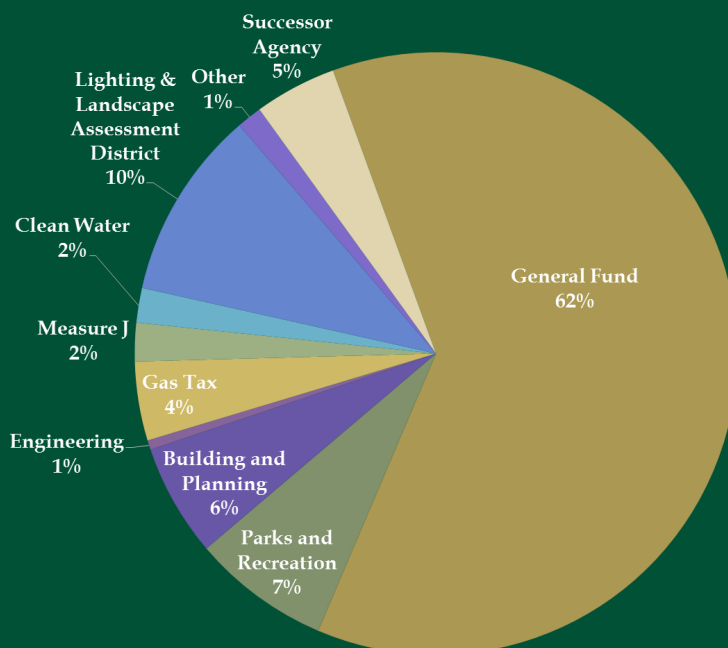
Because the Town is largely built out, slow revenue growth is forecast for the next ten years.

HIGHLIGHTS

- *Property Tax* revenues are projected to total \$11.3 million, a 1.9% increase from 2012/13 revenues of \$11.1 million.
- *Sales Tax* revenues are projected to total \$3.8 million, a 4.5% increase from 2012/13. This continues the rebound in Sales Tax revenues that started in 2010/11, after declines in 2008 through 2010.
- *Property Transfer Taxes* are projected to total \$425,818, a 31.8% increase from 2012/13 revenues, due to greater residential sales activity.
- *Franchise Fees* total \$2.0 million, a 2.7% decrease from 2012/13, attributable to reduced franchise fee revenues, as consumers conserve or convert to solar power and recycle
- *Building and Planning Revenues* are projected to total \$1.9 million, an increase of 9.0% from 2012/13. These revenues have rebounded for four straight years following a 29.4% decline that occurred between 2007 and 2010.
- *Gas Tax* revenues are forecasted to total \$1.2 million, a 7.7% increase from 2012/13.

<u>General Purpose</u>	<u>Amended 2012/13</u>	<u>Projected 2012/13</u>	<u>Adopted 2013/14</u>
Property Tax	\$11,096,358	\$11,538,054	\$11,303,367
Transfer Tax	323,000	323,000	425,818
Sales Tax	3,624,000	3,822,535	3,787,000
Transient Occupancy Tax	88,000	88,000	95,000
Charges for Service	49,988	41,295	45,595
Business License	352,300	352,200	350,200
Franchise Fees	2,049,633	1,958,328	1,993,736
Vehicle License Fees	21,500	22,337	22,337
Fines & Forfeitures	230,520	229,000	230,000
Recreation Charges	1,644,154	1,576,782	1,780,799
Use of Money and Property	1,096,731	965,790	961,335
Miscellaneous	276,349	224,679	256,007
Intergovernmental/Other	31,000	31,000	32,500
Total General Purpose	20,883,533	21,173,000	21,283,694

<u>Special Purpose</u>	<u>Amended 2012/13</u>	<u>Projected 2012/13</u>	<u>Adopted 2013/14</u>
PEG Fee	\$93,000	\$92,000	\$93,096
Police	125,000	126,036	122,642
Building/Planning	1,699,538	1,861,020	1,852,250
Engineering	529,538	564,800	156,500
Gas Tax Fund	1,207,520	1,042,563	1,299,977
Measure C/J	628,776	626,776	633,781
Clean Water	574,612	571,312	570,631
LLAD	3,170,540	3,114,604	3,124,218
Donations/Contributions	150,500	156,947	152,628
Total Special Purpose	\$8,179,024	\$8,156,058	\$8,005,723
Total Operating Revenue	\$29,062,556	\$29,329,058	\$29,289,417
Asset Replacement	\$86,000	\$51,000	\$46,309
RPTTF/Successor Agency	\$1,352,047	\$1,352,047	\$1,354,480
Grand Total	\$30,500,603	\$30,732,105	\$30,690,207



Expenditures

EXPENDITURES

Service delivery costs are expected to increase, especially related to contract services, utilities, and capital replacement. Increased workload and service demands will continue to result in longer delivery and response times.

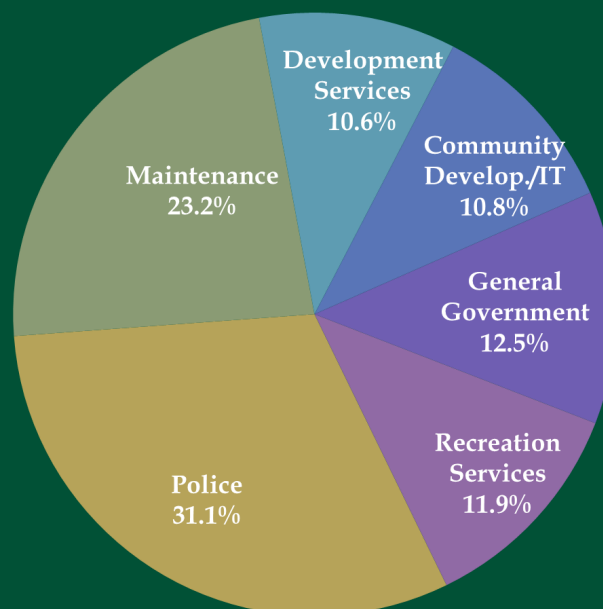
HIGHLIGHTS

Recommended 2013/14 expenditures total \$28.6 million, a 2.8% reduction from 2012/13. Changes include:

- 12.5% decrease in *General Government* largely attributable to the elimination of the Assistant Town Manager position, reduction in financial management software funding, reduced training and reduced consulting.
- 2.7% decrease in *Development Services*, largely attributable to reduced costs in the Clean Water Program.
- 14.4% decrease in *Community Development/IT*, largely attributable to reduced costs for implementation of the IT Master Plan and completion of the "Retail Incentives Program" in Economic Development.
- 3.9% decrease in *Maintenance Services*, largely attributable to reduced contract and utility costs in Building, Equipment, Parks, Roadsides and Street Light Maintenance.
- 4.6% increase in *Recreation Services*, largely attributable to added programs and activities in Seniors, Cultural Arts, Youth and Teens.
- 2.6% increase in *Police Services*, due to increased contractual personnel costs.

	<u>Amended 2012/13</u>	<u>Projected 2012/13</u>	<u>Adopted 2013/14</u>
<u>Town</u>			
General Government	\$3,850,730	\$3,674,931	\$3,368,595
Police Services	8,164,201	8,163,675	8,378,457
Community Development/IT	3,397,635	3,388,314	2,908,122
Development Services	2,930,132	2,619,904	2,850,160
Maintenance Services	6,512,998	6,280,773	6,261,215
Recreation Services	3,065,538	2,980,294	3,206,089
Total Operating Expenditures	\$27,921,234	\$27,107,891	\$26,972,639
Asset Replacement	\$182,805	\$182,805	\$224,326
CDA/Successor Agency	\$1,276,633	\$1,276,633	\$1,354,480
TOTAL EXPENDITURES	\$29,380,673	\$28,567,330	\$28,551,433

TOWN EXPENDITURES BY FUNCTION

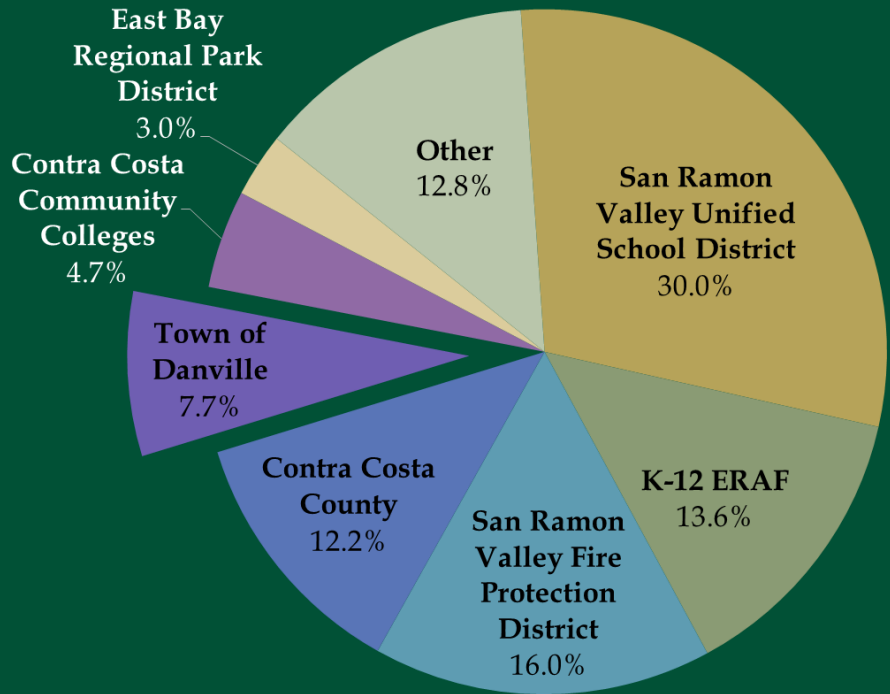


Property Tax

Property tax is the largest source of general purpose revenue for the Town of Danville, expected to total \$11.3 million in 2013/14.

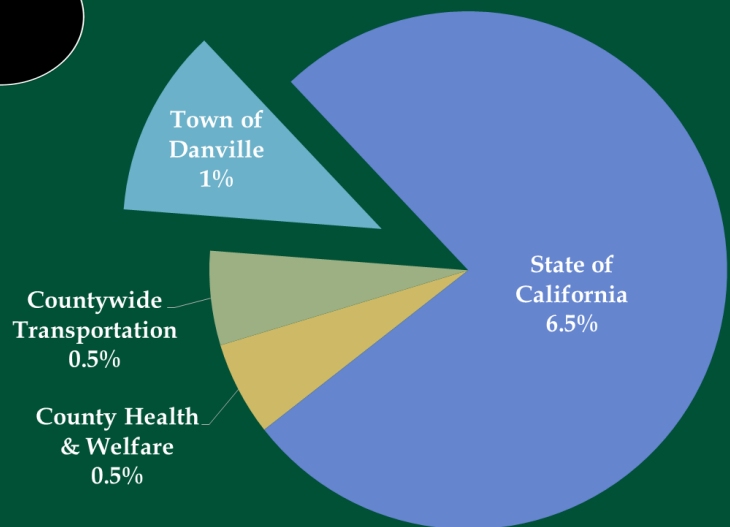
Danville is divided into multiple Tax Rate Areas (TRA). For a typical TRA in Danville, the Town receives approximately 7.7% of the total 1% property tax assessment levied against property owners. On an average residential property tax bill of \$8,000, the Town receives approximately \$616.

The largest percentage of the property tax, 76.5%, is distributed to fund education, fire protection and County functions. As stated above, the Town of Danville receives approximately 7.7% of the property tax. The remaining 15.8% is spread between various special districts and governmental entities.



Sales Tax

As of July 1, 2013, the sales tax rate in Danville is 8.5% (as is the case for most cities in Contra Costa County). For every \$1.00 in taxable goods, a sales tax of 8½¢ is charged: 6½¢ goes to the State of California, ½¢ to transportation in Contra Costa County, ½¢ to health and welfare in Contra Costa County, and 1¢ to the Town of Danville. In 2013/14, the Town is expected to receive \$3,787,000 in sales tax revenue.



For the complete 2013/14 Operating Budget & Capital Improvement Program, please visit our web site at www.danville.ca.gov or call the Finance Division at 314-3320.